



**Supplemental Testimony in Support of HB 4030 and HB 4498**  
House Military, Veterans, and Homeland Security Committee  
April 28, 2021

Honorable Committee Members,

This written testimony is intended to supplement oral testimony provided to the Committee via Zoom on April 27, 2021 pertaining to Concealed Pistol License application fees and the revenue, expenses, and profit derived from processing Concealed Pistol License applications.

**Publicly Available Reports**

All numbers discussed pertaining to Concealed Pistol License revenue and expenditures for the Michigan State Police and county clerks came from reports that the MSP is required to publish annually. These reports may be found online at:

[https://www.michigan.gov/msp/0,4643,7-123-1878\\_1591\\_3503\\_4654-77621--,00.html](https://www.michigan.gov/msp/0,4643,7-123-1878_1591_3503_4654-77621--,00.html)<sup>1</sup>

The most recent report for the 2019-20 fiscal year may be found at:

[https://www.michigan.gov/documents/msp/CPL\\_Annual\\_Report\\_2019-2020\\_711670\\_7.pdf](https://www.michigan.gov/documents/msp/CPL_Annual_Report_2019-2020_711670_7.pdf)

**Application Process**

To briefly refresh the Committee's memory, a short description of the process to apply for a Concealed Pistol License is as follows. For a statutory reference, see [MCL 28.425b](#).

Each of the 83 county clerks in Michigan, as well as the MSP, share a portion of the responsibility for processing CPL applications. The clerks receive applications, proof of training, and payment, and enter all necessary information into the State's database. Based on that information and fingerprints obtained from the applicant, the MSP will conduct a background

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<sup>1</sup> NOTE: these reports do not contain all of the information that the MSP is statutorily required to publish. For a full list of requirements, see [MCL 28.425e\(5\)](#). Among the missing information is the "[a]ctual costs incurred **per initial and renewal license** by the department of state police under this act, itemized by each statutory section of this act," which would have assisted in directly answering many of the Committee's questions.



check on the applicant and report the results to the clerk. The clerk will then either issue the license and mail it to the applicant, or deny the license and mail the applicant a notice explaining why. If the clerk has not issued a determination within 45 days, then the applicant's receipt functions as a temporary license until the clerk issues a determination.

Applications for a new license must be submitted in person to the clerk in the county in which the applicant resides. Applications to renew a license may be submitted in person to the county clerk, mailed to the MSP, or submitted online to the MSP.

Based on information obtained by MOC from the MSP through litigation, we estimate that roughly 2/3rds of applications submitted are applications to renew an existing license.

### **Fees**

Fees for a concealed pistol license differ depending on whether the application is for a new license or to renew an existing license. The fees are as follows:

#### **Application for New License - \$115**

- \$100 application fee - [MCL 28.425b\(5\)](#)
  - \$26 goes to a restricted fund for the county processing the application.
  - \$74, the remainder, goes to the general fund for the MSP.
- \$15 fingerprinting fee - [MCL 28.425b\(9\)](#)
  - \$15 to the entity that takes the fingerprints - almost always the county.

#### **Application to Renew a License - \$115**

- \$115 application fee - [MCL 28.425i\(2\)](#)
  - \$36 goes to a restricted fund for the county processing the application.
  - \$79, the remainder, goes to the general fund for the MSP.

As discussed, the application fee to renew a license is higher than the application fee to obtain a new license, despite the fact that processing an application to renew a license requires less work. The reason for this is simple; **profit**.



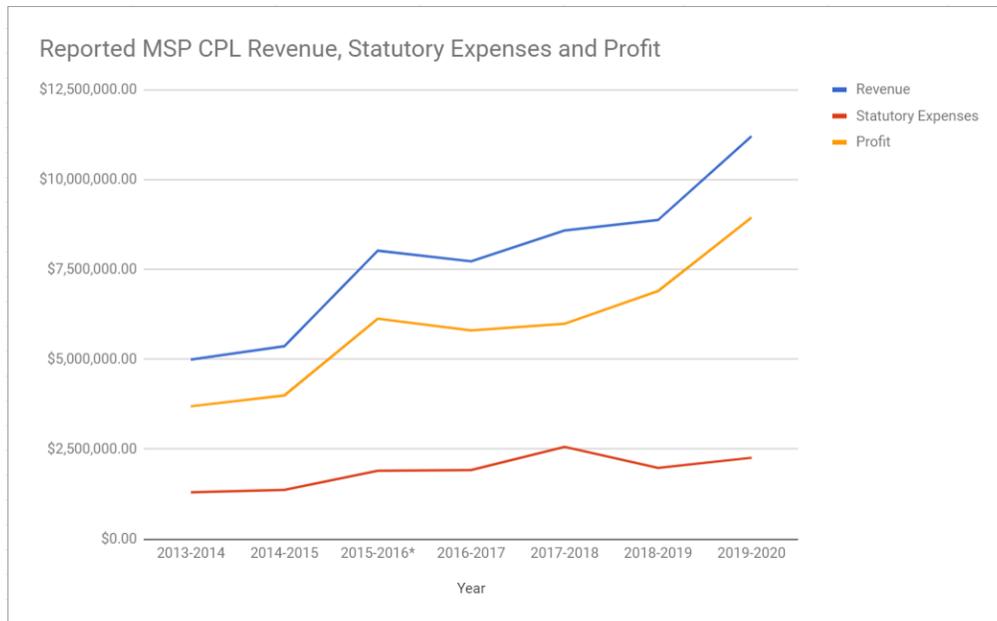
Further, while the portion of the application fee that goes to the counties is restricted to CPL processing, see [MCL 28.425b\(5\)](#) and [MCL 28.425x\(2\)](#), the portion that goes to the MSP is not.

Lastly, while counties currently do nearly all fingerprinting, either through the county sheriff or the clerks themselves, because fingerprinting is separate from application processing the funds derived from it are also not restricted.

### **Revenue, Expenses, and Profit**

Based on the latest annual report from the MSP, for the 2019-2020 fiscal year,<sup>2</sup> **182,721 applications** were received and transmitted to the MSP for processing. At \$115 per application, that equates to a total cost of **\$21,012,915** in that one-year period to Michigan residents.<sup>3</sup>

#### **State Police**



**Image 1: Graph of CPL Revenue, Expenses, and Profit for the Michigan State Police based on public annual reports. \*Fees were increased in December of 2015 via 2015 PA 3.**

<sup>2</sup> October 1, 2019 to September 30, 2020.

<sup>3</sup> This number does not include other necessary expenses such as the cost of training.



**Revenue:** Of that total cost, the MSP reportedly received **\$11,204,507<sup>4</sup>** of it. However, as discussed in yesterday's hearing, that number is well below the minimum that the MSP should have received. As outlined above, the MSP receives \$74-\$79 of each application fee for their portion of the process. Thus, at a *minimum*, the MSP should have reported **\$13,521,354** in revenue, **\$2,316,847** more than reported. This means that either the MSP is not reporting millions of dollars in revenue or county clerks are improperly keeping more of the application fee than they should. This is a trend that has occurred in every yearly report since the MSP started reporting these numbers in 2014. To date, the MSP has offered no explanation for this ongoing discrepancy.

**Expenses:** In the same fiscal year, the MSP reported **\$2,260,050<sup>5</sup>** in expenses to comply with their statutory duties. This is approximately **\$12.37 per application<sup>6</sup>**. The MSP also reported \$8,944,457 in a supposed expense genetically labeled as "support systems;" however, the lack of a citation to any statutory requirement for these expenses, as well as the brief description provided for this category make it clear that this number is not related to actual expenses for statutorily-created duties related CPL application processing. Further, this number is also exactly the difference between the MSP's reported revenue and their actual statutory expenses, further clarifying that this latter number is not related to actual expenses.

**Profit:** Naturally, profit is revenue minus expenses. Thus, without further questioning the reported numbers, the profit realized by the MSP in the last fiscal year was **\$8,944,457<sup>7</sup>**. This is a profit margin of **79.83%<sup>8</sup>**, the highest the MSP has ever reported since these reports began. Of course, these numbers are higher if one factors in the unreported revenue.

## County Clerks

**Revenue:** It is hard to say exactly what each county received in the last fiscal year as the number for each county will depend on the number of applications that county processed, which is not reported. We can say that counties receive **\$26-\$36 per application** in addition to the **\$15 fingerprinting fee**.

<sup>4</sup> Annual MSP CPL Report for Fiscal Year 2019-20, Page 3.

<sup>5</sup> Annual MSP CPL Report for Fiscal Year 2019-20, Page 3. (\$44,008 + \$6,565 + \$2,209,477)

<sup>6</sup> Expenses of \$2,260,050 / 182,721 applications.

<sup>7</sup> Revenue of \$11,204,507 - Expenses of \$2,260,050.

<sup>8</sup> Profit of \$8,944,457 / Revenue of \$11,204,507.



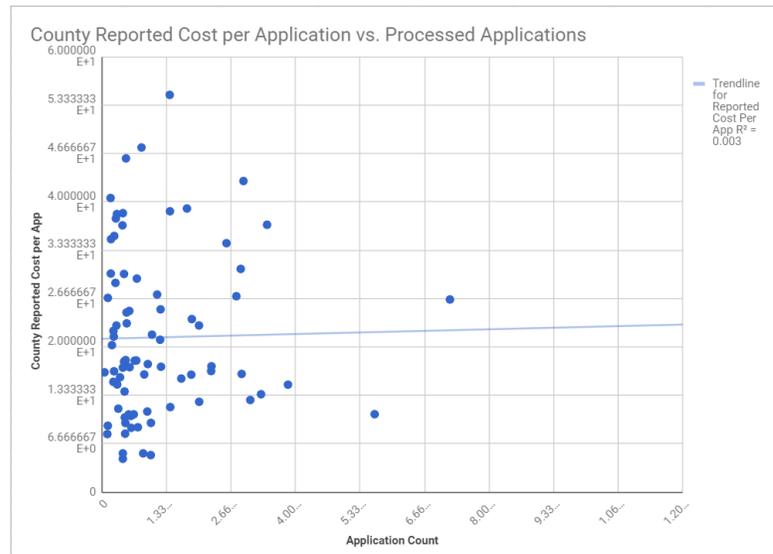
**Expenses:** Counties self report their expenses to the State for the annual report based on their own unspecified criteria. Because of this, and a widespread misunderstanding among clerks as to what is considered a CPL-application-processing expense, the numbers reported vary wildly (\$4.59 - \$54.75)<sup>9</sup>, both among counties and in what a single county reports from one year to another. For example, in committee we heard from committee members who spoke with their local county clerk about the issue to which they heard concerns over the price of fingerprinting machines. As discussed above, fingerprinting is separate from the application process, which is why an applicant can go anywhere to get their fingerprints taken, including a private entity in another county, and a separate \$15 fee is provided for. In short, county clerks may, but are not required to, provide this service. Many choose to do so to enjoy the extra revenue<sup>10</sup>. With this in mind, and without digging into the number reported by every county, the average reported in the last fiscal year was **\$21.54**, well below the minimum \$26 received per application without including the additional fee for fingerprinting.

**Profit:** For the reasons already discussed, profit is also very hard to calculate for each county. Using the average reported expense of \$21.54, that means counties will make roughly **\$5 - \$15** in profit on each application, **plus any additional profit realized from fingerprinting**. Overall, any claim from a county clerk that their obligation to process CPL applications is an unfunded mandate is most likely false. To any clerk that may be able to say this truthfully, one must then question what makes their process so much more expensive than all the others, especially as regression analysis of the expenses each clerk claims shows no trend.

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<sup>9</sup> Annual MSP CPL Report for Fiscal Year 2019-20, Page 4.

<sup>10</sup> Some counties unlawfully require applicants to get their fingerprints taken by the County. Kalamazoo County in particular backed down just before being sued over this issue last year. Wayne County also currently has this issue.



**Image 2: Regression analysis comparing reported cost per application to application volume. R<sup>2</sup> value of 0.003 equates to no relationship.**

### National Comparison

When compared nationally using a 25-year cost to account for the differences in initial and renewal application fees, **Michigan ranks as the 4th most expensive in the nation**, behind only California, Washington D.C., and Illinois. This includes the now 20 states that no longer require a license to lawfully carry a concealed pistol, yet still offer licenses to their residents for reciprocity reasons.<sup>11</sup>

### Conclusion

The data are overwhelming. Governmental entities, both at the state and local levels, enjoy a considerable profit off of the State’s licensing scheme on something both the State and U.S. Constitutions say is a fundamental right of the people. They do this while thousands suffer under draconian punishments for nothing more than failing to first jump through governmental hoops before trying to protect themselves. Most of these people are good people who intended no harm to anyone else and who will now find it much harder to be a productive member of society. Something needs to change.

<sup>11</sup> <https://www.shootingillustrated.com/articles/2021/4/27/20-states-now-have-constitutional-carry>. (last accessed April 28, 2021)



Michigan Open Carry, Inc.

[www.miopencarry.org](http://www.miopencarry.org)

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Shirking statutory duties, lying to the public, the Legislature, and courts should not be rewarded. At the very least, if these governmental entities cannot come before the people and honestly and transparently defend these costs, then they deserve **nothing at all**.

I hope this information proves useful to the Committee. Please do not hesitate to reach out to us if there are any questions. Thank you again for the opportunity.

Sincerely,  
Tom Lambert  
Legislative Director  
Michigan Open Carry, Inc.